



# DRA

## DELTA REGIONAL AUTHORITY

# 2016 Monitoring and Compliance Manual

*Creating Jobs. Building Communities. Improving Lives.*

ALABAMA • ARKANSAS • ILLINOIS • KENTUCKY • LOUISIANA • MISSISSIPPI • MISSOURI • TENNESSEE

**This page intentionally left blank.**

**DRA**  
**MONITORING & COMPLIANCE MANUAL**  
**TABLE OF CONTENTS**

1. Introduction
  - 1.1. About DRA's Compliance Culture
  - 1.2. About This Compliance Manual
  - 1.3. Compliance Manual Amendments
  - 1.4. Common Terms and Acronyms
2. DRA's Compliance Organization
  - 2.1. Organizational Chart
  - 2.2. Compliance Responsibilities
  - 2.3. Staff Roles
  - 2.4. Outside Counsel
3. Records Policies and Procedures
  - 3.1. Records
  - 3.2. Records Retention
  - 3.3. Access to Records
  - 3.4. Confidential Records
4. Compliance Reviews/Site Visits/Processes
  - 4.1. Purpose of Project Site Visits
  - 4.2. Frequency of Visits
  - 4.3. Project Site Visits
  - 4.4. Progress Site Visits
  - 4.5. Red Flag
  - 4.6. LDD Monitoring Visit
  - 4.7. Timeline
5. Compliance Violations
  - 5.1. Reporting
  - 5.2. Non-Compliance
  - 5.3. Levels of Non-Compliance
  - 5.4. Compliance Findings Procedures
  - 5.5. Repayment or Additional Penalties
  - 5.6. Sanctions
  - 5.7. Appeals

6. Audit Resolution

6.1. Policy

7. Communications

7.1. Communications Guidelines Email

7.2. Communications and Outreach

8. Frequently Asked Questions

**Appendices**

Appendix A            Project Monitoring & Compliance Checklist

Appendix B            Local Development District Compliance Checklist

Questions regarding this manual should be directed to the following address:

Attention:  
Chief Monitoring & Compliance Officer  
236 Sharkey Avenue, Suite 400  
Clarksdale, MS 38614

## **1. Introduction**

Established by Congress in 2000, the Delta Regional Authority (DRA) makes strategic investments with its federal appropriations into the physical, digital and human infrastructure of Delta communities. The DRA works to improve regional economic opportunity by helping to create jobs, build communities, and improve the lives of the 10 million people who reside in the 252 counties and parishes of the eight-state Delta Region.

### **1.1**

#### **About DRA's Compliance Culture**

DRA is of firm opinion that every level of accountability is vital to the success of its projects and for the continued partnerships, with our local development districts (LDDs). The DRA award documents provide for a number of DRA-specific requirements, such as: award related communications, hold harmless language, procedural requirements for submitting reports, contracting procedures and disbursement of award funds. Site visits are the preferred method of maintaining accountability in these areas and of reconciling any discrepancies among DRA, its awardees and LDDs.

The Division of Monitoring and Compliance (DMC) at the DRA was established as an independent department in 2015. The division provides independent and objective audits and investigations relating to DRA programs and operations to provide the highest transparency of all DRA funds. The division provides leadership and coordination; recommends policies to prevent or detect fraud and abuse; promote economy, efficiency, and effectiveness in DRA programs and operations; and a means for keeping the DRA Federal Co-Chairman (FCC) fully informed about problems or deficiencies at DRA.

### **1.2**

#### **About this Compliance Manual**

This Delta Regional Authority compliance manual (Manual) is designed to assist LDDs and awardees with the proper compliance maintenance, and execution of any and all programs and/or projects awarded by the DRA. The term “award” refers to any form of financial or technical assistance, awarded by the DRA, for a project, sponsorship, or any effort to which DRA has contributed, for the overall support and mission of the DRA.

This Manual is divided into eight sections, with monitoring and compliance processes from the execution of the initial award documents to project close-out. The procedures documented herein address the required record-keeping systems, reporting requirements, and monitoring and modification procedures. Whenever there shall arise a conflict between state and federal requirements, or other DRA authorities, the most restrictive of the requirements generally takes precedence.

### **1.3**

#### **Compliance Manual Amendments**

DRA may amend this Manual as needed. The policies and programs may also be revised as conditions change or as new developments in government programs dictate. All revisions shall contain the month and year of revision in the lower right hand corner of each page (i.e. 5/16). The latest revision shall supersede all previous revisions.

### **1.4**

#### **Common Terms & Acronyms**

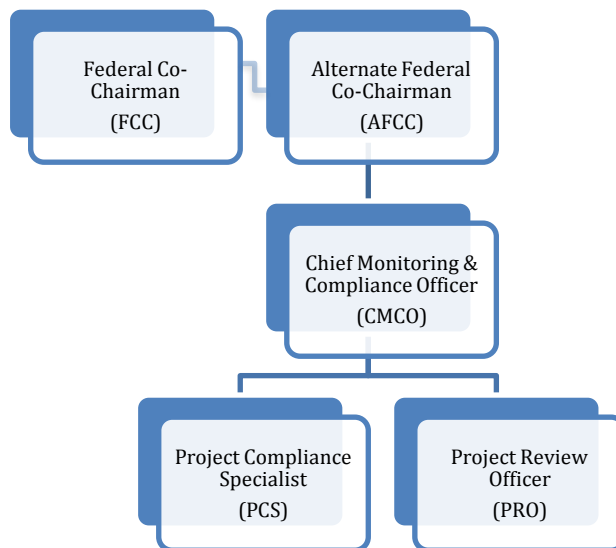
<b>Abbreviation</b>	<b>Definition</b>
AFCC	Alternate Federal Co-Chairman
CMCO	Chief Monitoring & Compliance Officer
DMC	Division of Monitoring & Compliance
DRA	Delta Regional Authority
FCC	Federal Co-Chairman
LDD	Local Development District
PCS	Project Compliance Specialist
POC	Point of Contact
PRO	Project Review Officer

## 2. DRA's Compliance Organization

### 2.1

#### Organizational Chart

**DRA**  
**Division of Monitoring & Compliance Organizational Structure**



### 2.2

#### Compliance Responsibilities

DRA is continuing to cultivate partnerships with LDDs which serve the 252 counties and parishes in the eight states of the DRA footprint. The Monitoring & Compliance Division serves as a regulator of protocol and procedures set forth by DRA to ensure that all investments are in compliance; thereby ensuring that all communities in the Delta region are receiving the resources mandatory for promoting healthy and sustainable economic growth within the eight state service area.

## **2.3**

### **Staff Roles**

*Alternate Federal Co-Chairman (AFCC)* - The AFCC serves as the executive leadership of the DMC and works in conjunction with the FCC to set the policy of the DMC.

*Chief Monitoring & Compliance Officer (CMCO)* – Reporting directly to the AFCC, the CMCO is responsible for the day-to-day management and oversight of the DMC.

*Compliance Review Officer (CRO)* – The CRO's primary responsibility is to assist in the review of all investments for accurate reporting. Additionally, the CRO may assist with field audits and compliance reviews.

*Project Compliance Specialist (PCS)* - The PCS is to assist the CMCO by maintaining a robust monitoring, evaluation and compliance program with well-defined milestones, targets, and results for DRA investments.

## **2.4**

### **Outside Counsel**

In rare instances, DRA may require the use of legal counsel for complex compliance issues. DRA does not provide legal services for its awardees. DRA strongly suggests retaining legal counsel before executing any legally binding contracts.

## **3. Record's Policies and Procedures**

### **3.1**

#### **Records**

While DRA does not specifically mandate the exact structure of filing systems, there are specifications regarding the order by which materials should be arranged and maintained. Forms and documents which are used by DRA (Notice of Award, Request for Funds, Expenditure Reports, etc.) should be physically maintained at the LDDs offices. All LDD partners must maintain files for the projects which they administer. It is required that the copies of all documents be maintained with the award records, until the award is formally



closed, by DRA. The executed records and award documents should be kept in a metal filing cabinet at the LDD administering each award. All original files must be maintained in a central location. The custodian of records should take reasonable precautions to protect the records and documents from destruction such as flood or fire damage. The awardee is to maintain a duplicate copy of the award records and documents; however, an official copy must be maintained by the LDD. Award recipients are required to maintain records sufficient to document compliance with all DRA requirements. If there are/you have any questions, contact the LDD coordinator.

### **3.2**

#### **Records Retention**

All records pertaining to activities funded under a single award shall be retained for three years, after DRA formally closes the award. The three-year rule can be extended under extenuating circumstances by DRA at its discretion, such as awards in litigation or audits.

### **3.3**

#### **Access to Records**

Except for confidential records, all documents required to be maintained, or reasonably considered as pertinent to, the award must be available for viewing and/or examination by:

- a. any citizen, pursuant to the requirements of state law and local ordinance; and
- b. representatives of DRA including, but not limited to, DRA auditors, the DMC, or DRA Finance Department.

Should access be needed for employment verification regarding projects with job creation, W-9 forms may be requested. Any confidential records shall be submitted with all but the last four digits of the employee's social security number redacted.

### **3.4**

#### **Confidential Records**

Award recipients may receive confidential information and records. Confidential records include, but are not limited to, personnel files, labor and civil rights complaints and the incomes of project beneficiaries. In some cases, an individual's right to privacy protection will necessitate that confidential records be maintained. In other circumstances, the individual's job security and safety require that information be kept

confidential. The latter is particularly true where worker-provided information results in a finding that labor standards are being violated. Access to such confidential information and records must be strictly limited. Files are to be kept in a locked file cabinet separate from other records accessible only to DRA management.

## **4. Compliance Reviews/Site Visit Processes**

### **4.1**

#### **Purpose of Project Site Visits**

The DMC staff shall serve as the Point of Contact (POC) for awardees regarding all pre-site and post-site visitation processes. Per the terms of the Memorandums of Agreement (MoA) with all LDDs within the Delta Region, the DRA shall reserve the right, at its discretion, to enlist the assistance of the LDDs to conduct site visits. The purpose of the site visits includes, but shall not be limited to, the following:

- a. discussion and review of awardee activities identified in the original project application and subsequent award documents and agreements;
- b. to discuss any topics needing urgent attention and response;
- c. to ensure that all processes and procedures of the awardee are consistent with goals and objectives under which federal funds were awarded; and
- d. to further foster ongoing communication among the awardee, the DRA, the LDDs and all stakeholders.

### **4.2**

#### **Frequency of Visits**

Site visits shall be conducted in accordance with the below guidelines or at the discretion of executive/senior management of DRA. More frequent visits may be required for one or more of the following reasons:

- a. key project personnel or administration changes from either DRA, LDD or awardee;
- b. programs with new and/or modified DRA initiatives; and,
- c. situations that can adversely affect operations or funding (i.e., loss of other funding sources, inconsistencies in reporting, lack of communication, etc.).

### 4.3

#### **Project Site Visits**

Site visits are usually arranged no less than 14 days in advance. **This is a courtesy rather than a requirement.** Under normal circumstances, the awardee will be notified, in writing, of site visits and provided a *DRA Form 322 Project Monitoring Checklist and Report*. The awardee shall have a minimum of 10 business days to gather all required information before submitting *Form DRA 322 Project Monitoring Checklist and Report* and supporting documentation to the DRA. Subsequent to return of documentation, DRA staff shall schedule a date and time for the site visit. It shall be the responsibility of the LDD coordinator to prepare an agenda prior to the site visit which may include, but not be limited to, the following items for review and discussion:

- a. funding components (including timeframe for redirections, scope changes, etc.);
- b. method for monitoring how DRA award funds are being spent;
- c. review of financial records;
- d. safety briefing for construction projects;
- e. time for general questions or concerns; and
- f. compliance and regulations.

It is required that senior staff or those persons knowledgeable of the project be present when the site visit is conducted. DRA reserves the right to request an opportunity to observe interactive visits for workforce development and other projects. DRA staff may also assess and provide technical assistance and input on any additional items or issues that may come up during the site visit.

### 4.4

#### **Progress Site Visits**

DRA also reserves the right to perform “progress” site visits extemporaneously. A site visit shall be deemed as a progress visit when no written communication or prior prep-time has been afforded the awardee.

## **4.5**

### **Red Flag or Non-Compliance Progress Visits**

Non-compliance by an awardee or LDD may result in immediate visits to the non-compliant party. Issues which could lead to red flag visits include, but are not limited to: poor or non-existent communication with DRA or the LDD, large projects which consistently fail to report properly or adequately, LDDs which consistently provide incorrect or inadequate quarterly reporting or reimbursement documentation, failure to respond to DRA inquiries in a timely manner, and/or excessive reimbursement requests, which may signal financial distress, etc. The DRA may dispense with the standard preparatory time for awardees or LDDs concerning “red flag” visits.

## **4.6**

### **LDD Monitoring Visit**

All LDDs which are in good standing are required to undergo a monitoring visit, at least once per calendar year. These visits may occur in person or via phone, at DRA’s discretion. Prior to the monitoring visit, the LDD shall complete DRA Form 436, with supporting documentation. Additionally, the LDD shall submit a bi-annual project reconciliation in May and October of each year. This reconciliation shall allow DRA and the LDD coordinator to “compare notes” and realign where each project stands, in regards to completion.

## **4.7**

### **Sample Timeline for Visitations**

#### **Timeline for Project Site Visits**

##### **Day 1**

Initial contact to establish time and date for site visit  
Letter is emailed after contact as reminder and for DRA records

##### **Day 2**

Site visit checklist emailed to LDD and awardee to begin gathering information

##### **Day 3-7**

Awardee collaborates with LDD to prepare for site visitation by the DRA

##### **Day 6**

Follow-up contact is made with awardee to ascertain if awardee needs assistance or extension before site visit occurs

**Day 8**

Site visit occurs by DRA staff, project leadership, and other principals

**Day 10-13**

DRA staff compiles information to submit to DRA management

**Day 14**

Submission of reports to DRA management by DRA staff

**Day 15-17**

DRA management reviews to provide recommendations and feedback

**Day 18**

DRA management submits recommendations to DRA project reviewer

**Day 19**

Summary of findings/recommendation are submitted to awardee and LDD, by DRA project reviewer

**Day 21-23**

Follow-up, if necessary

Please note this timeline may be modified and/or changed on a case-by-case basis, at DRA's sole discretion.

**5. Compliance Violations****5.1****Reporting**

The DRA treats all accusations of waste, fraud and/or abuse with the greatest regard. Accusation may be made by any person and remain confidential, unless circumstances necessitate otherwise. Any such claims should be reported to the CMCO, immediately at the following address:

Attention:  
Chief Monitoring & Compliance Officer  
DRA  
236 Sharkey Avenue  
Clarksdale, MS 38614

Compliance investigations are reviews to determine if statutes, regulations, laws, or the like have been broken or adhered to. They differ from a normal project visit in that some

concern has been raised regarding waste, fraud or abuse. When such claims are reported, the CMCO will determine, at his or her discretion, whether to conduct a compliance investigation. Should a compliance investigation take place, the CMCO shall refer the findings from the same to the DRA Executive Committee for action, if any.

## **5.2**

### **Non-Compliance**

Awardees are responsible for managing federal funds in compliance with statutes, rules, award documents, DRA policies and other applicable laws and requirements. DRA has developed the following policy and procedure to categorize levels of noncompliance and identify typical procedures for use when errors are discovered. DRA may consider factors not covered in these guidelines. Mistakes may occur as the result of misunderstandings and the majority of incidences are resolved without requiring a formal corrective action plan. When corrective action shall be deemed necessary, the goal will be to bring the awardee back into compliance.

## **5.3**

### **Levels of Non-Compliance**

#### **Level 1 Noncompliance: Failure to follow required administrative procedures**

Examples of Level 1 or low level noncompliance may include, but are not limited to: lack of detail to justify an expense or payment; improperly completed forms or contracts; incorrect, insufficient, or late reporting; incomplete files; or deficient operation and maintenance of plans; and/or deviation from locally established policies or procedures.

#### **Level 2 Noncompliance: Failure to follow statute, rule, policy or award documents**

Examples of Level 2 or high level noncompliance may include, but are not limited to: lack of communication with DRA's LDD Coordinator; missing signatures or dates on contracts; overpayment on contracts; lack of required technical assistance from LDDs; installation of practices that are not allowed or failure to address program purpose and progress; lack of operation and maintenance plans; projects occurring outside of scope; failure to comply with starting and completion dates; and/or expenditure of funds outside of the terms of the award documents. Repeated instances of Level 1 noncompliance may be re-categorized as Level 2 noncompliance.

## **5.4**

## **Compliance Findings Procedures**

Awardees will be notified of compliance findings in a memo via email, letter or other means of communication, as chosen by DRA. The communication will be addressed to the awardee's LDD Coordinator.

The communication shall document the noncompliance, if any, and suggest corrective actions to bring the awardee back into compliance, including any repayment or penalties. The awardee must respond to DRA with a corrective action plan that addresses each issue. DRA must approve the corrective action plan for the award recipient to return to a status of "compliant."

### **5.5**

#### **Repayment or Additional Penalty**

If the noncompliance is determined by DRA to be severe or if work under the award documents is found by the DRA to be unsatisfactory or performed in violation of federal, state, or local law, DRA may require the repayment of award funds and additional penalties. Penalties can be assessed at a rate of up to 100% of the award and any attorneys' fees, costs, and expenses which may be incurred.

### **5.6**

#### **Sanctions**

The DRA may consider all circumstances leading to the non-compliance, as some of them may be beyond the control of the awardee. Taking into account the nature, seriousness and circumstances of the non-compliance and the overall outcome of the infraction, the DRA will render decisions on the level of sanction to be imposed, at its discretion. Sanctions for non-compliant awardees could include, but are not limited to, the following:

- a. a written warning;
- b. suspension from future applications;
- c. financial sanction (i.e. stop work and recession of funds, imposition of penalties such as interest, attorneys' fees, costs and expenses);
- d termination of award;
- e. suspension of reimbursements; and/or
- f. disbarment from receiving future DRA and other federal awards.

The DRA may impose one or more types of sanction upon the awardee. In case the awardee fails to attain the deliverable(s) and target(s) in respect of the award documents, DRA may recommend one or more sanctions after taking into consideration the following:

- a. the number and significance of the funding conditions and deliverables/targets breached (e.g. could not meet the actual number of jobs created, people trained etc.);
- b. the nature and circumstances of the non-compliance (e.g. whether there are factors beyond the control of the awardee);
- c. whether the non-compliance is persistently or flagrantly committed, without reasonable explanations; and/or
- d. whether the event has achieved outstanding results in other aspects, which could partially offset the undesirable outcome arising from the non-compliance.

## **5.7**

### **Appeals**

An awardee may appeal any finding of noncompliance. The appeal must be in writing, include all supporting evidence, and be sent to the CMCO within 30 business days of receiving the communication from DRA that issues the finding and assesses corrective action or penalty. The CMCO will review the appeal and supporting evidence and make a recommendation to the DRA Executive Committee, which shall render a decision. The Executive Committee may dismiss, amend, or uphold the recommendation of the CMCO. If the awardee disagrees with the decision of the Executive Committee, the awardee may request mediation or arbitration, pursuant to the award documents.

## **6. Audit Resolution and Project Closure**

### **6.1**

#### **Policy**

The DRA's DMC monitors the resolution of compliance findings and recommendations to ensure that all DRA departments comply with Congressional and President's Office of Management and Budget (OMB) time limits and requirements. It is the goal of the DMC to promptly implement any corrective actions for awardee's projects, which are found to



be non-compliant. Follow-up is an integral part of good management and exhibits the seriousness with which DRA undertakes stewardship of taxpayer dollars.

## **6.2**

### **Project Closure**

A project is not considered officially closed until a final progress/quarterly report has been submitted to and approved by DRA's office of Project Management and Development. Barring any unforeseen inhibitors, the office of Project Management & Development shall issue official correspondence stating that the awardee has satisfied all terms and conditions outlined in the award documents and the award is officially closed.

## **7. Communications**

### **7.1 Email Communications**

Unless otherwise noted, all communications from DRA will be in electronic format. Official communications will contain "DRA OFFICIAL COMMUNICATION:" in the subject line. Awardees and LDDs are required to write the DRA project number on all communications, including email (i.e., email subject line "MS-1234 Site Visit"). The DRA strongly encourages awardees and LDDs to add a signature line to their email, which contains contact information. As DRA handles large volumes of communications, contact information provides a quick reference for more expeditious replies.

## **7.2**

### **Communications & Outreach**

The award documents between DRA and the awardee state that it is the responsibility of the awardee to include the DRA in all funding-related communications, see DRA Communications Protocol below. The PRO may request, for review, all such funding related communications.

## **Frequently asked Questions**

### **Q. What entities does DRA monitor?**

A. All entities which receive DRA award funds, including LDDs, are subject to monitoring and compliance reviews. *See section 1.2 “About the Compliance Manual”*

### **Q. What will DRA review during site visits?**

A. Examples include bidding conformity, financial health of the project (to include bank statements), reporting compliance and confirmation satisfactory progress is being made toward project completion. *See section 4.3 “Project Site Visits”*

### **Q. How are site visits initiated?**

A. Visits are initiated via regular compliance checks, through complaint or report or at the CMCO’s discretion. *See section 2.2 “Compliance Responsibilities”*

### **Q. Can the outcome of a compliance decision be appealed?**

A. Yes. All appeals should be submitted to the CMCO. *See section 5.7 “Appeals”*

### **Q. What is a compliance investigation?**

A. Compliance investigations are reviews to determine if statutes, regulations, laws, or the like have been broken or not adhered to. They differ from a normal project site visit in that some concern has been raised regarding waste, fraud or abuse. *See section 6.1 Reporting*

### **Q. Are complaints kept confidential?**

A. All complaints are kept strictly confidential and the complainant is never identified, unless circumstances ultimately dictate otherwise. *See section 5.1 “Compliance Violations”*